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# **National Intelligence Bulletin**

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ETHIOPIA

Eritrean rebels late yesterday fired heavy automatic weapons and rockets into Asmara, for the most part directed at Ethiopian military facilities. Some rounds also were aimed at the US portion of a Kagnew facility tract occupied by both the US naval communications unit and the Ethiopian army. The US consulate, located next to another Kagnew tract now occupied entirely by the Ethiopian navy, was caught in a heavy crossfire. There were no US casualties. Firing also appeared to be directed at Asmara airport.

Kagnew's fuel and generators may have become prime targets for the rebels. The insurgents could have concluded that the Ethiopians will attempt to use the US power resources to restore electric services to the city in order to support their military activities.

Ethiopian air force planes yesterday resumed attacks on rebel positions near Asmara. They had been grounded for several days, probably because of fuel shortages.

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VENEZUELA

Attitudes within the Venezuelan government appear to have hardened regarding the Trade Reform Act during the past week. The dissatisfaction voiced by a leader of one of the smaller political parties last week now has been echoed by an influential government official.

Dario Bauder, director of commercial policy for the Institute of Foreign Trade, has told an embassy officer that ending the exclusion of Ecuador and Venezuela from benefits in the Trade Act "would not placate Caracas' extreme displeasure" with other "discriminatory" and "coercive" features of the act. He cited specifically: the act's exclusion of such important LDC export products as textiles from the preference system; the provision for a product-by-product ceiling on imports from qualifying countries; and clauses prohibiting references to countries that have expropriated property of US citizens without adequate compensation or good faith negotiations to provide compensation.

Bauder insisted that there could be no discrimination against OPEC countries under the act, saying that this was consistent with Venezuela's position that all LDCs have the right to participate in cartels and other arrangements in order to improve their terms of trade. Although Bauder demurred when asked whether his views reflected the official position of the Perez government, he insisted that they represented the thinking of many government officials. Further, he said this message was clearly implied, if not explicitly stated, by Venezuela's OAS ambassador during the recent OAS session in Washington. Bauder claimed the ambassador was speaking on direct orders from President Perez.

At this point, Bauder's comments may have been intended primarily to bring pressure on the US government without a further acrimonious airing of differences. Even so, the intensity with which Bauder, normally a cool and composed diplomat, criticized the Trade Act may indicate that the Perez government is prepared to risk even a further deterioration in relations with the US over the issue unless its demands are met.

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### PORTUGAL

Portuguese President Costa Gomes announced yesterday that constituent assembly elections will be held on April 12, two weeks within the deadline promised by the Armed Forces Movement last April.

According to the program of the Armed Forces Movement, the constituent assembly will convene within 15 days after the election. The delegates must consider and approve a constitution within 90 days. If the assembly cannot meet that deadline, its session may be prolonged another 90 days by the President. If it fails to approve a constitution in the second session, elections for a new constituent assembly will be held within 60 days. If a constitution is approved, the assembly will disband and a date for general elections--assuming the constitution calls for them--will be set.

The turnout for the elections promises to be heavy, with 6.1 million registered to vote. The new electoral law, passed late last year, makes all citizens over 18 eligible to vote, as well as emigrants who have been away from the metropole less than five years.

The law also requires that political movements must present a list of at least 5,000 supporters before they can be legalized as political parties by the Supreme Court and run candidates for the constituent assembly. The Communist Party, the center-left Popular Democratic Party, and the center-right Social Democratic Center have been fully legalized. The Communist-dominated Portuguese Democratic Movement and the Socialist Party have presented their signatures and are awaiting formal court recognition. The Popular Monarchist Party, a small center-left group, has announced it will present its signatures by the end of this week.

This will be the first election in 50 years to offer voters a broad choice, but the democratic spirit has been dampened by some Movement leaders who announced they would intervene if the election results are not to their liking. The Movement is working on legislation to define its future role in Portuguese politics and is also expected to play an influential role in the drafting of the constitution.

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WESTERN EUROPE - PORTUGAL

West European officials are expressing growing concern about the drift to the left in Portugal, but are having trouble finding ways to lend support to moderate forces.

The inability of the Portuguese government to specify its aid requirements has frustrated the other Europeans in their attempts to provide direct bilateral aid to Portugal. The UK has embarked upon a modest assistance program, however, and Norway is at present negotiating a technical assistance pact.

Several EC capitals have expressed interest in a Dutch proposal that would allow the former Portuguese colonies that receive development aid from EC members to use these funds for purchases of goods and services in Portugal, rather than being required to use them in the donor country.

The French, Danes, and Italians want to use EC channels to provide governmental assistance, but the EC Commission is reluctant to commit the Community to any long-term arrangements that would grant Portugal preferential treatment until the political situation in Lisbon stabilizes. EC Vice President Soames will visit Portugal this week to discuss the aid situation and to publicize EC interest in Portugal.

The intent of this visit and that of UK Foreign Secretary Callaghan last week is to provide moral support for Portuguese moderates. In the period prior to the elections, such visits by European leaders may provide the best means by which Europe can respond to Portuguese Foreign Minister Soares' recent call for support of pluralistic democracy in Portugal. On leaving Portugal, Callaghan, in fact, publicly voiced his optimism about the future of democracy in Portugal.

The Dutch Socialist Party, meanwhile, has launched a campaign to collect funds for its Portuguese counterpart. Social Democratic and Labor parties in the UK, Italy, and West Germany are also considering various forms of direct party-to-party assistance.

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CHINA

A People's Daily editorial and an authoritative article in Red Flag, the party's theoretical journal, have issued strong calls for stricter adherence to party discipline and an end to public disturbances.

The articles strike out at "some in the party" who "make use of the slogan of democracy to undermine the unified leadership of the party"--apparently a reference to those who attempted to use the anti-Confucius campaign to settle old Cultural Revolution scores. People's Daily even offers a recent quotation from Chairman Mao to underscore the importance of increased party discipline. Sharp words are also directed at peasants who return to unspecified capitalist practices, and workers and cadre who have adopted a bureaucratic manner and a "bourgeois lifestyle." Politburo member Chang Chun-chiao delivered a similar warning at the 4th National People's Congress last month.

The articles may be directed primarily at the provinces where many local party committees remain badly divided, even though the armed clashes that marked phases of the anti-Confucius campaign have declined sharply. It has been difficult to enforce central party directives in such provinces, and workers and youth have taken advantage of the erosion of authority to press their own demands for higher wages and better job and educational opportunities. The work slowdowns that frequently resulted contributed significantly to the slowdown in industrial growth last year. The People's Daily editorial and the Red Flag article seem to be a warning to all these unruly groups that further disturbances or foot-dragging will not be tolerated.

A firm but not vindictive approach is prescribed to deal with these problems. The Red Flag article emphasizes that differences must be handled correctly, and that wrongdoers must have a chance to live and remold themselves through education and discussion. "Coercion and repression" are specifically ruled out.

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The Chinese leadership has been trying to counter the disruptive side effects of the anti-Confucius campaign since last spring, when factionalism reached its peak. These strong indications that differences stemming from the Cultural Revolution were still alive may have been a factor in the decision to downgrade the campaign last summer. Since then, there apparently has been a steady, if slow, improvement in public order, although the situation probably is still not as good as it was before the campaign began. Many provincial leaders have been using fairly strong tactics to maintain order and will read the editorial and the Red Flag article as an endorsement of their actions.

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IRAQ-IRAN

Iraqi and Iranian troops have clashed along their central border for the past three days. The incidents took place in the area where heavy fighting occurred in February and March a year ago.

The Iraqi force, which included some tanks and artillery, was driven back by Iranian border guards, according to Tehran Radio. Baghdad claims the fighting occurred when Iranian troops crossed into Iraq.

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The Iraqis may view a rise in tensions on the border as serving the purpose of drawing international attention to their border problems with Iran, as well as highlighting Iran's heavy and direct support of the Kurdish rebels. Baghdad also might be preparing a limited response to the downing of two Iraqi aircraft in northern Iraq last December.

Although it is not clear which side initiated the recent incidents, it is more likely that Iraq fired first. Baghdad has been frustrated by its failure to make any headway on outstanding differences with Tehran through diplomatic channels. Last week, Baghdad gave heavy publicity to an Arab "people's conference" that was apparently intended to generate greater regional concern over what Baghdad describes as "Iranian aggression."

Iraq's apparent attempt to play up its quarrel with Iran may also be timed to coincide with the anticipated visit of UN Secretary General Kurt Waldheim to Tehran and Baghdad later this month. The Iraqis may be hoping the UN will assume a more active role in the dispute, as it did a year ago when the Security Council took up the issue following clashes.

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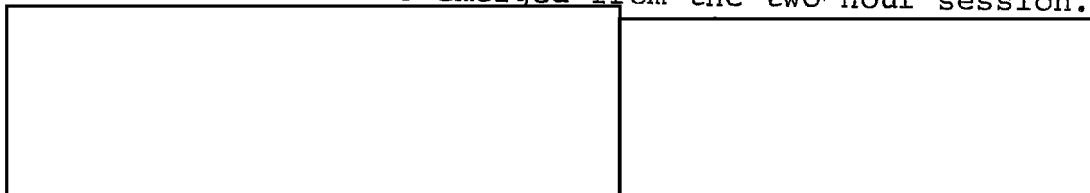
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### RHODESIA

Rhodesia's black nationalist leaders and Prime Minister Ian Smith held exploratory talks in Salisbury last week on the problems that stand in the way of convening a constitutional conference. The meeting on February 5 was the first in which Smith talked directly with the nationalists since the two parties concluded a cease-fire agreement last December.

Few details have emerged from the two-hour session.



It will probably take a number of such contacts before it becomes clear whether any progress can be made toward holding a conference soon. The nationalist leaders reportedly are scheduled to confer again with Smith sometime this week.

Following the talks in Salisbury, the nationalist leaders flew to Zambia and then to Tanzania to confer with the four black African leaders who helped arrange the December truce.

According to Zambian and South African press reports, South African Foreign Minister Muller visited Zambia last Sunday to confer with President Kaunda and the foreign ministers of Zambia, Tanzania, and Botswana. In Zambia, Muller reportedly also met the Rhodesian nationalist leaders, who were returning home from Tanzania.

This is the first visit of a South African foreign minister to Zambia since it became independent, although envoys from Pretoria have been involved with Kaunda,



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President Nyerere of Tanzania, and President Khama of Botswana in quiet efforts to mediate between Prime Minister Smith and the black Rhodesian nationalists. Muller's publicized visit to Lusaka at this time probably is intended to warn white Rhodesians that further South African support for their counterinsurgency effort is contingent on progress toward a negotiated settlement.



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